

Message Text

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PAGE 01 NDJAME 02132 091143Z

43

ACTION EB-07

INFO OCT-01 AF-08 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

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FM AMEMBASSY NDJAMENA

TO SECSTATE WASHDC 2089

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E.O. 11652: N/A

TAGS: ETRD, EINV, PFOR

SUBJECT: FOREIGN MINISTER ALLEGES GOC "DECEIVED" BY
USG ON EXIM BANK POLICY

1. FONMIN KAMOUQUE UTILIZED CHARGE REQUEST FOR MEETING ON
OTHER SUBJECTS AS OPPORTUNITY TO REGISTER ON AUGUST GOC DISPLEASURE
WITH REFUSAL OF EXIM BANK TO RECONSIDER GENERAL TELEPHONE AND
ELECTRONIC CORPORATION (GTE) PROPOSAL FOR EARTH SATELLITE COMMUNI-
CATIONS CENTER IN N'DJAMENA. FOR THIS PURPOSE GOC MINISTER POSTS AND
TELECOMMUNICATIONS, MAHAMAT AMANE ABRAM, WAS PRESENT AT MEETING.
FONMIN STATED THAT FOR THE PAST YEAR THE GOC HAD CONSIDERED THAT THER
E
WAS A POSSIBILITY TO OBTAIN AMERICAN GOVERNMENT, AND SPECIFICALLY EXI
M
BANK, FINANCING FOR THIS PROJECT. FONMIN HAS NOW BEEN INFORMED BY
GOC AMBASSADOR IN WASHINGTON, HOWEVER, THAT EXIM BANK WILL NOT
CONSIDER ANY LOANS TO CHAD, NO MATTER HOW MERITORIOUS AN INDIVIDUAL
PROJECT MAY BE. FONMIN STATED THAT GOC HAS BEEN PURSUING THIS
PROJECT IN GOOD FAITH FOR PAST YEAR AND FELT THAT IT HAD BEEN
DECEIVED AS IT WAS NOW APPARENT THAT THE EXIM BANK NEVER
HAD ANY INTENTION OF APPROVING CTEDIAN PROJECTS ON THEIR OWN
MERITS.

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PAGE 02 NDJAME 02132 091143Z

6. THE CHARGE REPLIED THAT IN PREVIOUS CONVERSATION WITH FONMIN, AND INDEED WITH PRESIDENT AMLLOUM, HE HAD NOTED THAT THE EXIM BANK WAS NOT A DEVELOPMENT BANK AND DID NOT MAKE LOANS FOR POLITICAL PURPOSES OR FOR ECONOMIC DEVELOPMENT PURPOSES. IN ESSENCE, THE CHARGE SAID, THE EXIM BANK IS A TYPE OF COMMERCIAL FACILITY OFFERING SPECIAL TERMS AND IT MAKES ITS JUDGMENTS ON LOAN APPLICATIONS CONTINGENT ON THE FEASIBILITY OF BEING REPAID. PRESIDENT MALLOUM AND OTHER SENIOR OFFICIALS OF THE GOC HAVE STATED PUBLICLY AND QUITE FRANKLY THE ECONOMIC PROBLEMS WHICH THE GOVERNMENT HAS INHERITED FROM THE PREVIOUS REGIME, WHICH INCLUDE HEAVY EXTERNAL INDEBTEDNESS. THIS FACTOR COULD NOT HELP BUT BE TAKEN INTO CONSIDERATION BY THE EXIM BANK IN ITS CONSIDERATION OF THE CHADIAN TELECOMMUNICATIONS PROJECT. NONETHELESS, THE CHARGE CONTINUED, THERE WOULD SEEM TO BE OTHER AVENUES OPEN WHICH THE GOC MIGHT PURSUE. IN THE PERSONAL OPINION OF THE CHARGE, THE TELECOMMUNICATIONS PROJECT COULD BE ENCOMPASSED IN THE SCOPE OF A DEVELOPMENT PROJECT AND HE SUGGESTED THE GOC PURSUE THE MATTER WITH INTERNATIONAL DEVELOPMENT BANKS SUCH AS THE WORLD BANK, THE AFRICAN DEVELOPMENT BANK, AND OTHERS. THE CHARGE ALSO NOTED THAT THERE IS AN AMERICAN INSTITUTION, THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) WHICH MIGHT BE INTERESTED IN THE POSSIBILITIES OF THIS PROJECT. THE CHARGE NOTED, HOWEVER, THAT OPIC WAS PRESENTLY CONSIDERING A CLAIM BY AN AMERICAN FIRM, AGRICOLA, FOR REIMBURSEMENT FOR WHAT THE COMPANY ALLEGES HAD BEEN AN ARITRARY DECISION OF THE GOC WHICH MADE IT IMPOSSIBLE FOR THE COMPANY TO OPERATE IN CHAD UNDER THE TERMS OF ITS AGREEMENT. THE CHARGE ADDED THAT HE COULD NOT AT THIS TIME SAY IF OR HOW THE AGRICOLA CLAIM MIGHT AFFECT OPIC'S CONSIDERATION OF OTHER CHADIAN PROJECTS, BUT URGED THE FOREIGN MINISTER TO HAVE GOC REPRESENTATIVES INVESTIGATE AYIS POSSIBILITY.

3. THE FONMIN IMPLIED THAT HE UNDERSTOOD USG POSITION BUT WISHED THAT THE EXIM BANK POLICY HAD BEEN MADE CLEAR TO THE GOC AT AN EARLIER STAGE. WIH REGARD TO THE WORLD BANK, HE CONTINUED, CHAD WORKING CLOSLY WITH IBRD ON OTHER MAJOR PROJECTS AND FELT THAT SHOULD TURN TO OTHER OPETNTIAL LENDERS FOR TELECOMMUNICATIONS PROJECT. GOC PREFERS US EQUIPMENT AND THEREFORE US LENDING ORGANIZATIONS SEEMED LOGICAL FIRST CHOICE. MINISTER OF POSTS AND TELECOMMUNICATIONS EXPRESSED LIMITED OFFICIAL USE

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PAGE 03 NDJAME 02132 091143Z

HIS DISAPPOINTMENT BUT MADE NO SUBSTANTIVE COMMENT.

4. COMMENT: THE EMBASSY FEELS THAT THE GOC HAS IN THIS INSTANCE A LEGITIMATE COMPLAINT IF THE FOREIGN MINISTER'S PORTRAYAL OF THE EXIM BANK POSITION AS CONVEYED TO THE CHADIAN AMBASSADOR IN WASHINGTON IS ACCURATE. NOR DID THIS EXIM BANK POSITION, AGAIN IF ACCURATE, SEEM TO BE APPARENT TO THE ARTHUR D. LITTLE, INC., TEAM WHO VISITED CHAD THIS SPRING UNDER CONTRACT

TO GTE. THE EMBASSY WISHES TO BE VERY CAREFUL TO AVOID
ENCOURAGING THE GOC TO SOW FINANCIAL HOPE ON FURTHER BARREN
SOIL AND WOULD THEREFORE APPRECIATE ASSESSMENT OF WHETHER OPIC
OR ANY OTHER US-AFFILIATED SOFT CREDIT AGENCY MIGHT FAVORABLY
CONSIDER TELECOMMUNICATIONS PROJECT. IF OPIC IS INTERESTED,
IT MAY BE USEFUL TO CONSIDER WHETHER GOC TELECOMMUNICATIONS
PROJECT INTEREST MAY BE OF ASSISTANCE IN SETTLING OUTSTANDING
AGRICOLA CLAIM TO MUTUAL SATISFACTION. DWYER

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